British Waterways

INLAND MARINA INVESTMENT GUIDE

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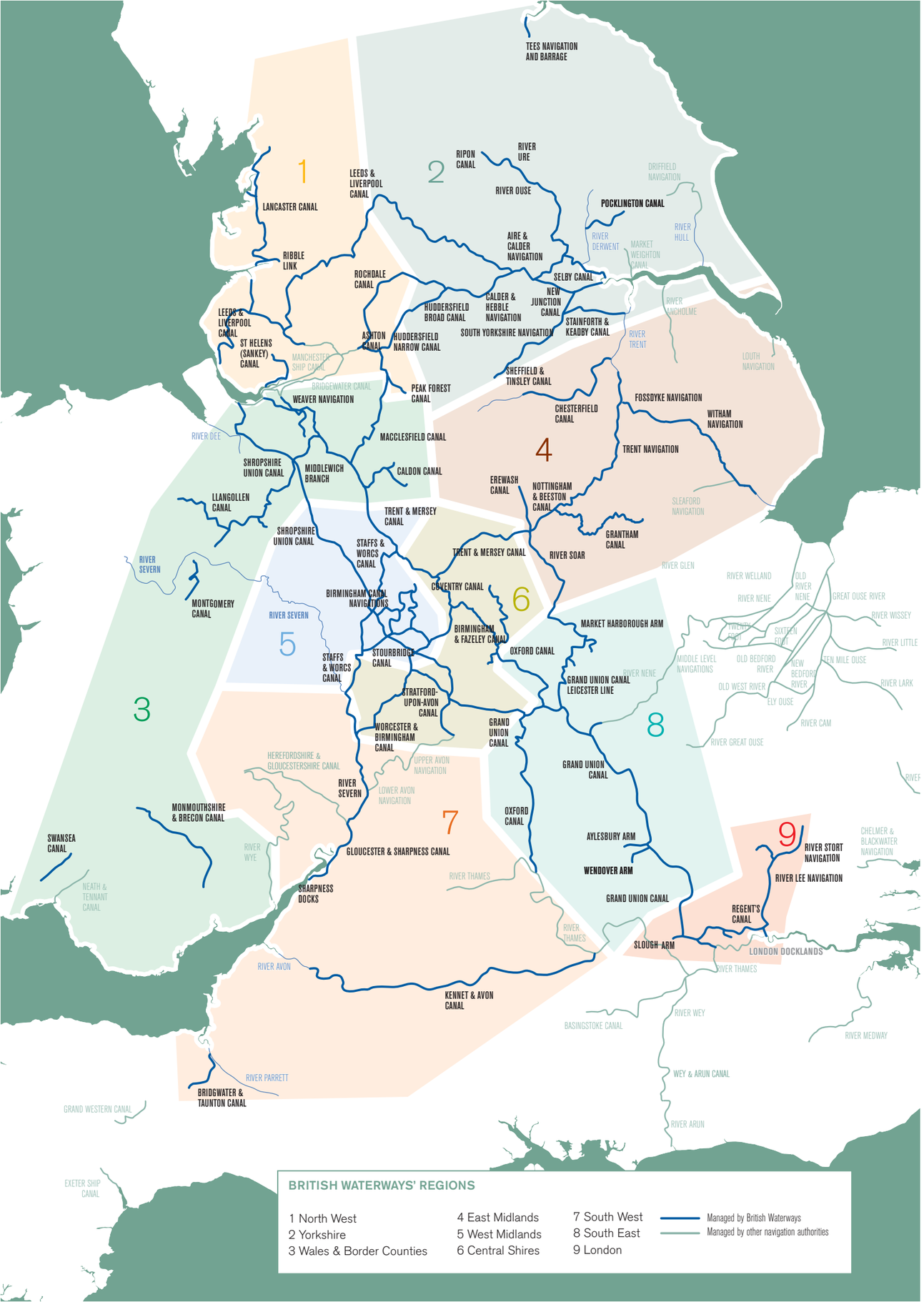

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Throughout the document, statistics and forecasts all relate to boats and moorings only on British Waterways' network unless otherwise stated.

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1 Introduction and Summary

1.1 ABOUT THIS GUIDE

This guide is aimed at all parties interested in developing marinas along the inland waterways of England and Wales, to exploit the increasing demand for boat moorings. It has been prepared by British Waterways (BW) in consultation with the British Marine Federation (BMF) and The Yacht Harbour Association (TYHA) and with practical help from some of their members.

We have prepared this guide, with three purposes in mind:

- to provide an analysis of the market opportunity for developing inland waterway marinas
- to present some indicative investment cases and scenarios
- and to explain how British Waterways can provide support through the planning and development processes

This guide focuses on the marina market alongside British Waterways' canals and rivers in England and Wales. Scotland's inland waterways also offer commercial opportunities for leisure investors, but the market characteristics are somewhat different from those south of the border. British Waterways' 130 miles of inland waterways in Scotland comprise primarily coast to coast routes and their berthing requirements need to be analysed in the context of the coastal boating market.

1.2 THE BOATING MARKET

Britain's inland waterways are thriving. The number of privately owned craft on our inland waterways has been increasing steadily since the 1950s. Nearly 25,000 people now purchase a long term licence to keep a powered boat for private use on the British Waterways' network, a number that increased by an annual average of 2.4% per annum between 2000 and 2005. Spending on waterborne leisure in general is growing at 6-8% per annum.

This growth is being driven by a number of important structural changes, both in the external marketplace and the waterways infrastructure:

- leisure spending in general is increasing as real increases in personal disposable income feed through to discretionary expenditures. Boating has continued to take its 'fair share' of this increased spending and is therefore increasing its popularity
- the growing importance of the 'grey pound' benefits boating disproportionately: 80% of boaters are over 50 years old. For the waterways, this compounds the effect of the underlying increase in leisure spending
- waterways are offering steadily increasing amenity value as British Waterways and its partners continue to invest in the canal network. British Waterways is spending over £100 million a year maintaining and improving the waterway network and also creates effective partnerships to restore derelict waterways. With its joint venture partners, a further £100 million annually is currently being invested in commercial waterside property and regeneration schemes including in London, Edinburgh, Leeds, Manchester, Glasgow, Birmingham, Gloucester and Nottingham. With other larger scale projects such as at Wood Wharf in London's Docklands, the results will dramatically change perceptions of inland waterways.

Because of the impact of these trends, British Waterways is forecasting a major increase in the rate of growth of boats on the waterways and estimates that demand for boat licences could increase to close to 4% per annum over the next ten years. However, this rate of growth cannot be accommodated on the waterways unless there is a significant increase in the supply of mooring space, preferably via the construction of inland waterway marinas. Traditionally, British Waterways has met much of the growth in demand by extending the provision of simple, online moorings. Our preferred solution for the future is to promote the construction of off-line, purpose built marinas.

Most boaters have a clear preference for 'offline' moorings (i.e. off the main waterway, usually in a large marina or small basin), driven by the superior security and amenity these moorings offer relative to the traditional 'online' mooring (i.e. on the main waterway). This preference translates to a clear price premium, with marina moorings on average sustaining a price level 38% above British Waterways' online moorings in the same vicinity.

Despite this preference, the supply of marina moorings has risen only slowly over the past few years. The consequence is that unmet demand for marina moorings is building up, evidenced by the fact that over two thirds of all marinas in the UK have a waiting list, which often stretches forward several years. Mooring prices are also progressing well ahead of the rate of inflation.

This mismatch of supply and demand for marina moorings is a major concern for British Waterways. We believe that the construction of inland waterway marinas represents an excellent investment opportunity that has hitherto been largely ignored by investors and developers outside the immediate waterways community. We estimate that the quantum of unmet demand coming on stream during the next ten years can justify the construction of up to 11,700 additional marina berths - the equivalent of up to 47 x 250 berth marinas.

1.3 THE INVESTMENT OPPORTUNITY

There are opportunities throughout the British Waterways' network for new marina developments. Site suitability of course depends critically on the prevailing local demand and supply conditions. Key demand factors include accessibility to large population centres and the choice and attractiveness of local cruising routes from the mooring site. Key supply factors are land availability, the local planning environment and the canal's water resource and hydrological characteristics.

Indicative nominal pre-tax rates of return (IRR) for newly constructed marinas can be up to 18%. In addition, marinas are increasingly becoming an important part of regeneration areas where wider benefits and added value to surrounding development help to improve viability.

The key factors in a marina investment are the price payable for land, earthworks and construction costs and level of mooring charges. The most viable developments are at sites that require lower excavation and construction costs, where excavated material can be sold at a profit or where land can be acquired more cheaply.

British Waterways is a not-for-dividend, public corporation that manages and cares for more than 2,000 miles of canals and rivers in England, Scotland and Wales on behalf of the British people. A further 940 miles of navigable waterway are connected to the British Waterways' network, managed by other navigation authorities, including the Environment Agency (see map inside front cover).

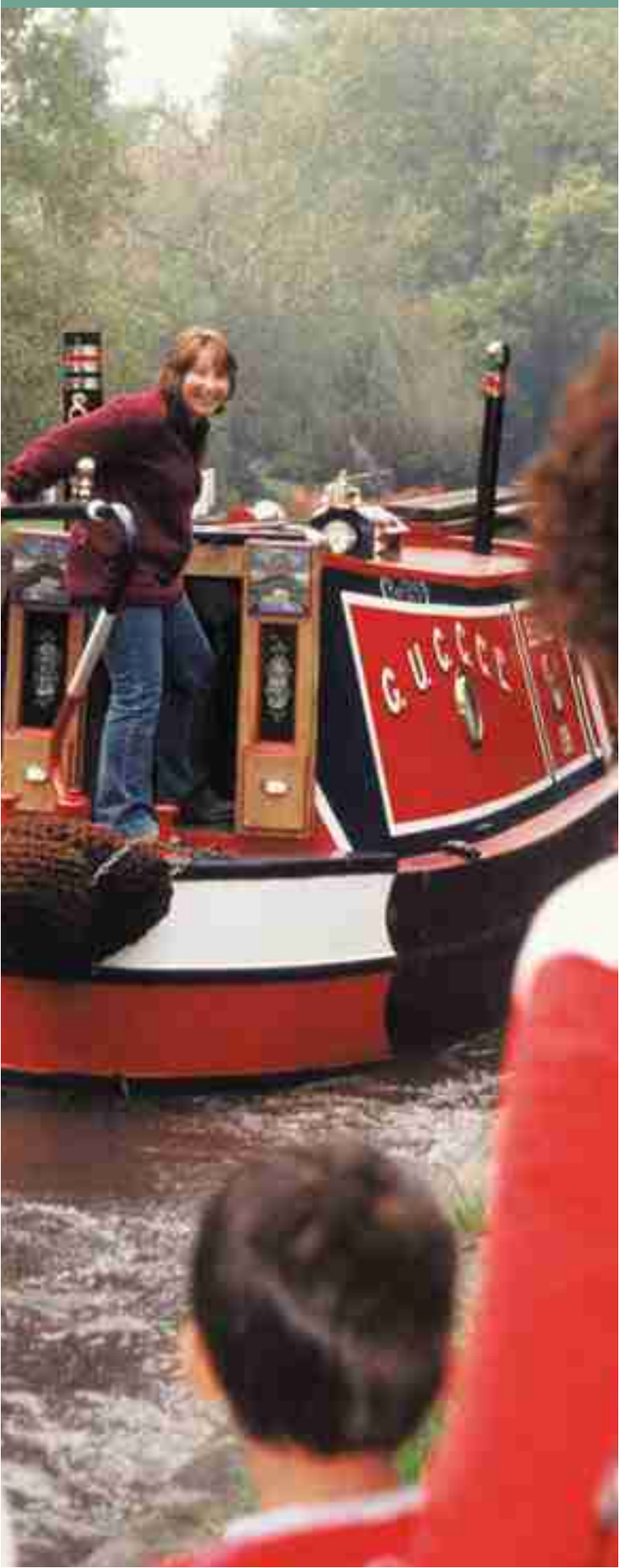
British Waterways' activities are funded by government and by commercial income which is reinvested in the maintenance and improvement of its waterways. British Waterways aims to blend best commercial practice with public sector values to earn and increase its income so that it can further enhance and conserve the waterways. The organisation has extensive experience with private / public partnerships which it can bring to bear on the marinas market.

British Waterways' ambition is that by 2012 it will have created an expanded, vibrant, largely self-sufficient waterway network used by twice as many people as in 2002. It will be regarded as one of the nation's most important and valued national assets. Visitors will be delighted with the quality of the experience and as a consequence many will become active participants.

British Waterways' interest in promoting further development in marinas is both social and commercial. More marinas will improve the amenity of the waterway for boaters and the visual environment for the visitor. More marinas will also increase British Waterways' income, via the mechanisms of boat licence fees, rents or network access charges, which it will then re-invest into the waterways.

British Waterways is unable to meet this demand out of its own resources as it is precluded by statute from raising external investment capital. In any case, our intent is to actively promote a 'mixed economy' on the waterway.

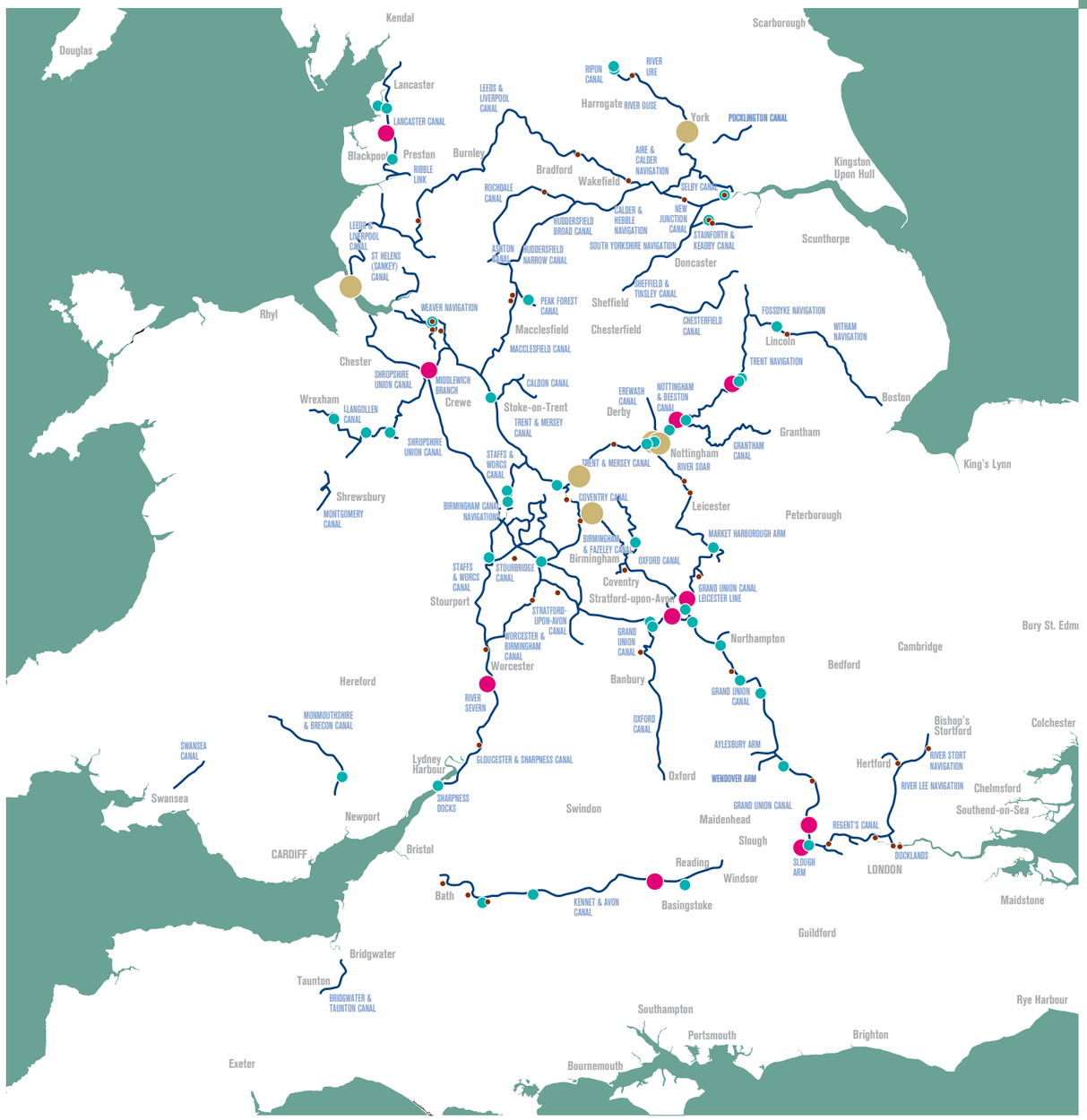
2 Market Demand



- **Historic demand for boats on British Waterways' network has grown at an average rate of 1.7% per annum since 1992, and at 2.4% per annum since 2000, driven by demographic change and the increasing popularity of canal boating**
- **the majority of boaters prefer offline marina moorings, which command a price premium over other mooring types**
- **most marinas are now full and have long waiting lists, but many are unable to expand the number of moorings they provide due to space, difficulty in obtaining planning permission or other constraints**
- **the inland marinas market is extremely fragmented. The market comprises approximately 100 marinas, the majority of which are individually owned**
- **our demand forecasts point to the need for up to 11,700 new marina berths by 2015. This could be met by the creation of 47 x 250 berth marinas**

2.1 INLAND MARINAS TODAY

Inland marinas are large basins off a canal or river that provide moorings. Currently, there are just over 100 marinas with more than 50 berths on British Waterways' canals and rivers (see map opposite). Most are run by small businesses but there are also enterprises running sites with up to 600 berths. This report considers opportunities for marinas designed for at least 50 boats. Most marinas supplement their moorings revenue with ancillary activities, such as chandlery, boat sales, boat repairs, convenience retail, and catering. These ancillary activities cater to the marina's own mooring customers, visiting boaters with long term moorings elsewhere and visiting non-boaters.
A significant number also host holiday boat operations such as weekly hire or time share operations.



INLAND MARINAS ON BRITISH WATERWAYS' CANALS AND RIVERS

Table 1: Inland Marinas on British Waterways' canals and rivers by number of Berths and Operator Size

Number of Berths	Marinas	Berths	Average Size (Berths)
>300	6	2,354	392
200-299	12	2,953	246
100-199	43	5,618	131
50-99	50	3,559	71
Total	**111**	**14,484**	**130**
Multi-site Operator	25	3,104	124
Single-site Operator	86	11,380	132
Total	**111**	**14,484**	**130**

Source: British Waterways

The industry is extremely fragmented, with only 25 marinas (counting only those with 50 berths or more) owned by multi-site operators. These include 13 of the 15 marinas operated by British Waterways' wholly owned subsidiary, British Waterways Marinas Ltd (BWML). BWML operates at arm's length from British Waterways, which treats its subsidiary as it does any other marina operator on the British Waterways' network. The remaining 13 are run by Alvechurch Boat Centres, Black Prince Holidays, Cowroast Marinas, Tingdene Marinas, Sherborne Wharf & Heritage Marinas and Weltonfield Narrowboats.

2.2 DEMAND FOR MARINA MOORINGS

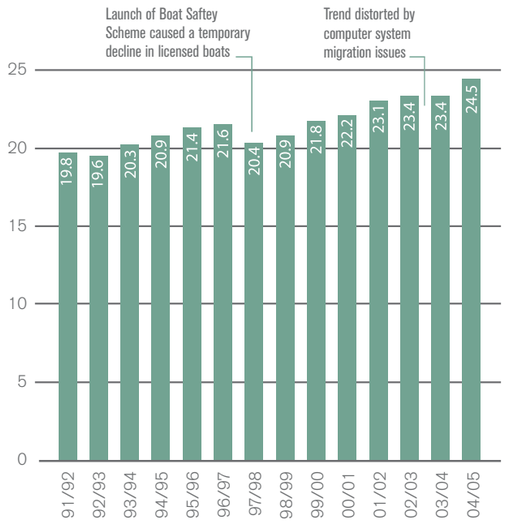
Historic Demand

The demand for moorings derives directly from the demand for boating on British Waterways' waters. In order to be licensed, a boat must – by statute - have a home mooring. The only exception is boats that 'continuously cruise', not staying in any one place for more than 14 days. There are currently approximately 1,500 such 'continuously cruising' boats, but many of these have this status because they are unable to find a suitable home mooring, not because they particularly wish to follow such an energetic cruising pattern. The remaining 23,500 privately owned boats require a long term home mooring. In addition there are some 2,000 commercial boats, primarily operated for the leisure business as holiday or trip boats. These almost all require a home mooring. Total current demand for moorings therefore is approximately 25,500 berths, of which 21% are currently in large marinas of more than 200 berths.

Between 1992 and 2005 there was a net increase of some 4,600 privately owned boats with long term licences on British Waterways' waters. We estimate that within this growth are some 700 'continuous cruisers', resulting in a net growth in satisfied demand for moorings over the period of 3,900.

Growth on canals has been greater than on rivers – 2.1% per annum for 'canals & rivers' licences compared with a small decline of 0.3% for 'rivers only' licences during the 1992-2005 period. Significantly, the only slow-down exhibited for canal boats stem from the recession of the early 1990s, and the introduction of an M.O.T. style test for boats, which caused many boaters to retire boats that could not pass the required safety test.

Figure 1: Trend in private powered boats licenced ('000s)



Source: British Waterways

This growth in licensed boats is observable across British Waterways' regions, with particularly strong growth in British Waterways' Central Shires, East Midlands, South West and Yorkshire regions.

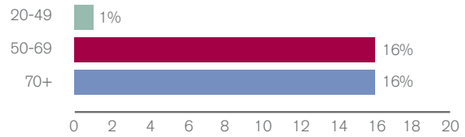
Demand Drivers

Positive demographic trends and the increasing popularity of canal boating are driving growth in licensed craft, particularly amongst the over 50s. As figure 2 shows, this age group is growing much faster than any other.

The average boat owner remains active in the market for 12 years. The financial commitment is also substantial with the cost of a new 60 foot canal boat typically in the £60,000 to £150,000 range. With this size of investment, the requirement for a good, secure mooring is obvious.

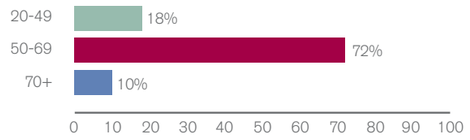
Fuelled by rising house prices, there is particularly strong recent growth in demand for residential moorings in urban areas. British Waterways' survey of boat owners, 2004, indicated that 11% of all boat owners consider their boat as their primary residence.

Figure 2: Forecast UK population growth, 2004-2015



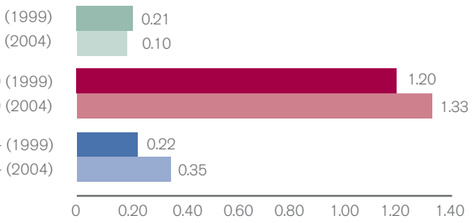
Source: UK Actuary

Figure 3: Canal Boaters by Age Group, 2004 %



Source: British Waterways

Figure 4: Total BW Boaters per '000 UK population



Source: British Waterways, UK Actuary

The increasing popularity of canal boating is consistent with strong growth in the wider UK leisure marine market, currently growing at 6-8% per annum and taking an increasing share of overall leisure spend.

British Waterways' work in restoring, maintaining and improving the canal network, on which it spends about £100 million annually, has also supported growth in the number of boats. This work has dramatically improved the amenity value of the existing canal network and has extended it by over 200 miles within the past five years alone.

2.3 THE COMPETITIVE POSITION OF MARINAS

The Supply of Marinas

Just over half of boaters moor in marinas or small offline mooring basins, the majority of which are provided by the private sector.

Figure 5: Mooring by Type 2005 (% of all boats)

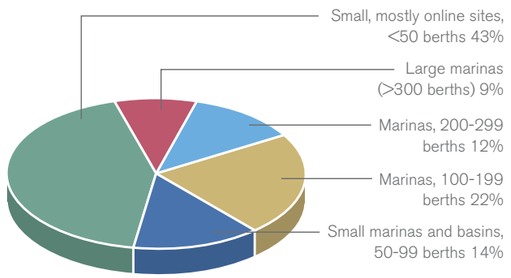
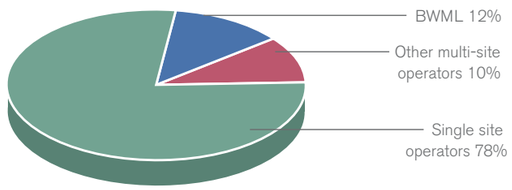


Figure 6: Marina berths by provider 2005



Source: British Waterways, TYHA

Current Occupancy and Waiting Lists

Most marinas and online mooring sites are fully occupied and have long waiting lists.

Virtually all British Waterways' managed online sites are full year-round and new boaters often have to wait several years before securing a mooring. In May 2005 nearly 1,700 people were recorded on British Waterways' local waiting lists for long term moorings.

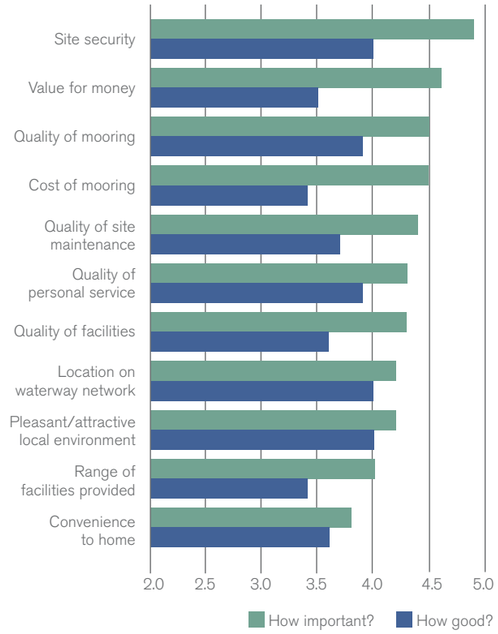
Private marinas across British Waterways' regions are also running at exceptionally high occupancy levels. In summer 2005, British Waterways mailed all marina operators offering a free listing of mooring sites with current vacancies within its information pack for new boater enquiries. Less than 15% responded saying that they had vacancies to advertise. Waiting lists are long enough that many marinas will often now not even add a prospective client to their list, and just as for British Waterways' moorings, expected waiting times often run to several years. The length of these waiting lists is obviously a compelling indicator of the latent demand for offline marinas.

Consumer Preference

Boaters' main priorities when considering alternative mooring sites are security, general quality of mooring, site maintenance, cost, quality of facilities, range of facilities and quality of service. On all of these attributes, boaters rank marina moorings more highly than online moorings. Moreover, they rate marinas most highly for security, which is the attribute they consider to be the most important, substantially more so than cost. Unsurprisingly, boaters believe that marinas deliver equivalent or better value for money than all other mooring types.

The income profile of offline moorers is skewed to the higher socio-economic groups and those owning boats of higher value. This suggests that the spending power of new marina clients is likely to be significantly higher if an attractive level of facilities and security can be provided.

Figure 7: Opportunities for service improvements



Mean scores	How important?	How good?
	0 - not at all important	0 - very poor
	5 - very important	5 - excellent

Source: British Waterways Boat Owners' Survey

Many boaters are prepared to pay a premium for a good provision of facilities. This desire for 'creature comforts' in their marinas was found particularly amongst those who have graduated to private boat ownership after hiring a boat for a holiday.

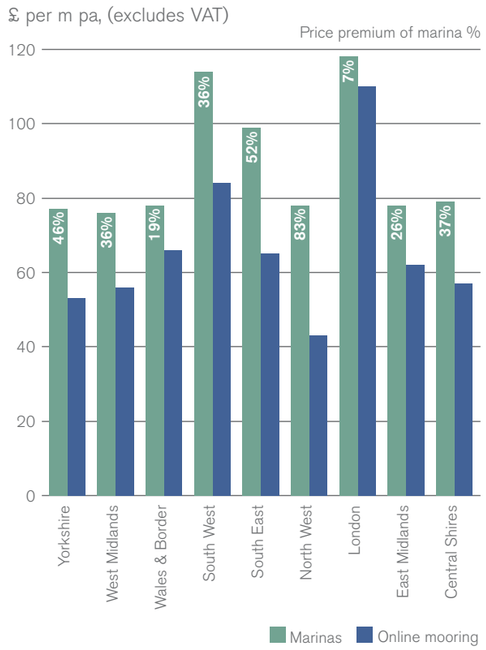
Finally, the boat owner's survey shows that the 'pull' of a high-quality offline mooring extends significantly wider than the local market for simpler, online moorings. Marina customers travel an average of 47 miles to their mooring compared with just over 30 miles for online moorers. This again suggests a great deal of favourable marketing potential for new marina developers.

Relative Pricing

Marinas currently command an average price premium nationally of 38% over online moorings as illustrated in the chart below. Note that for London the marina price premium appears as a relatively small 7% due to a few expensive online moorings in prime locations such as Little Venice.

Although there is limited information on the historic price progression of marina moorings, British Waterways has increased its online moorings prices by an average of 5% per year over the last four years.

Figure 8: Relative pricing: Marinas vs. British Waterways' online moorings



For British Waterways' regions see inside front cover

2.4 FORECAST DEMAND FOR MARINAS

The growth in demand for marina moorings over the next ten years will be driven by:

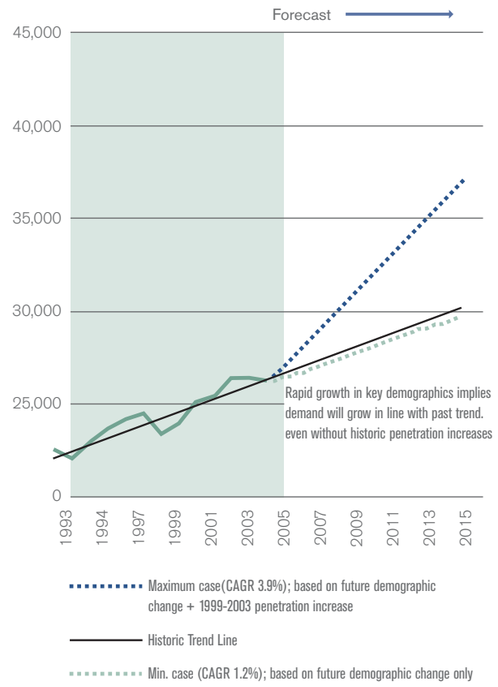
- marinas taking their current share of projected moorings growth
- marinas capturing current unmet demand for marina moorings
- marinas benefiting from the finite capacity to expand online moorings and British Waterways' intention to reduce existing online moorings over the next ten years

Projected Moorings Growth

In the future, the key canal-boater demographic, those aged 50+, is expected to grow even faster than in the past (at 1.4% per annum vs. 1%). By 2015, there will be 2.1 million more people in this key canal boating age band than there are today.

On this basis alone, the number of boats on British Waterways' waters can be expected to grow at nearly the same rate as it has historically. Additionally, we believe that the penetration rate within the older age groups will continue to increase as people live longer and healthier lives. With this factored in, the growth could be expected to accelerate to as much as 4% per annum, leading to a net growth of boats on the waterway of up to 12,000 by 2015.

Figure 9: Boat licence forecast



Source: British Waterways Boat Owners' Survey, Licence Data, UK Actuary

Current Unsatisfied Demand

Nearly four in ten boaters currently moored along the line of the waterway say they would prefer a home mooring off the main line of the waterway to their current linear one. True latent demand from this group is probably somewhat less than this since cost will be a practical deterrent for many. We believe however that 20% of current online moorers would switch to a marina if there were one in the right locality for them. This equates to demand for a further 2,500 marina berths.

There is still further latent demand for moorings amongst many people who currently have 'continuous cruiser' status, simply because they cannot find a suitable mooring. This could amount to up to 750 boats.

Limiting the Supply of Online Moorings

Marinas would also benefit from British Waterways' objective to limit – and where possible to reduce - the number of online moorings. British Waterways is responding to demand pressure by raising its online mooring prices ahead of inflation and significantly more so in areas with exceptionally long waiting lists. New online sites will not be created in areas where marinas have spare capacity. Longer term, British Waterways' aims to reduce the existing supply of online sites, providing sufficient capacity comes on stream in offline sites. We thus envisage some movement of existing online moorers into newly opened marinas. British Waterways will encourage people to move into offline sites as they become available.

Integrated Demand Forecast

These three cumulative influences have been integrated to produce a demand forecast which indicates the likely level of future demand for new marinas. This indicates the potential for between 15 and 47 new 250 berth marinas by 2015. Of these, between 15 and 26 are likely to be required by 2010. In the expected case, 5,300 new marina moorings could be added to British Waterways' network by 2010 without outstripping demand and a further 3,100 could be added by 2015.

Table 2: Forecast additional demand for mooring berths and marinas, 2010 and 2015

	2010		2015 (includes the 2010 figure)	
	Moorings	Marinas (250 Berth)	Moorings	Marinas (250 Berth)
Minimum	3,700	15	4,800	19
Expected	5,300	21	8,400	34
Maximum	6,500	26	11,700	47

The detailed forecast for the expected case is built up as follows:

Table 3: Analysis of expected demand

	2010	2015
Total number of boats requiring long term moorings	28,971	33,058
Forecast total demand for marina berths:		
Assuming current marina market share	15,773	17,998
Incremental effect of increasing this share to meet current latent demand from online moorers	2,640	3,012
Latent demand from people without current mooring (= assumed 50% of continuous cruisers)	750	750
Further substitution away from online moorings as these increase in price to reflect scarcity		500
Total requirement for marina berths	19,163	22,260
Increase on current provision	**5,280**	**8,377**
Resultant marina share of total mooring provision	66%	67%

Future Demand Volatility

The demand for boat ownership, and therefore moorings, has in the past been found to be resilient to economic downturns. Moreover, boat owners tend to be loyal: they have a strong commitment to boating and on average stay in the market for 12 years. In this respect therefore, the risk associated with marina investment is relatively low.

The Sustainability of Prices

For most people, boat ownership is a major lifestyle choice which carries a very high commitment. On inland waterways, a boat must almost always have a long term mooring. Faced with a significant increase in the mooring fee, a boater will naturally weigh up its affordability, but on the whole, the psychological switching cost away from boat ownership altogether will be high. Moreover, mooring fees are just one element of the cost of owning a boat. All these factors tend to result in a demand that is relatively price inelastic. During the past two years, British Waterways' subsidiary marina company (BWML) has raised its prices significantly above the rate of inflation and has perceived no resultant reduction in demand.

High occupancy rates and long waiting lists imply that there is potential for quality moorings to sustain higher prices than currently prevail. Operators with waiting lists have potential for further price growth - the average price for a mooring in a marina without a waiting list was 28% more than that for a marina located in the same region and providing similar facilities with a waiting list. Current average price levels should therefore be at the very least sustainable, even assuming the best case increase in the supply of marina moorings over the next decade. Inland mooring prices, particularly on canals, are still significantly lower than rates prevailing in coastal marinas and this provides further evidence of under-pricing.

3 The Investment Case

Marinas are capable of delivering sustainable and reliable investment returns, consistent with the structural attractiveness of the marinas marketplace and the availability and choice of sites.

Nominal pre-tax rates of return (IRR) of up to 18% are expected for newly constructed marinas. In addition, marinas are increasingly becoming an important part of regeneration areas where wider benefits and added value to surrounding development help to improve viability.

The key factors in a marina investment are the price payable for land, earthworks and construction costs; and the level of mooring charges.

There is little open market evidence of the value of marina land. As ground conditions have a significant effect on construction costs, residual valuation techniques are the only reliable way of determining what price should be paid for a given site. In our models we have assumed a price of £50K per hectare for good water retentive sub soils and £35K per hectare where some form of impermeable lining is required.

Excavation and construction costs can vary widely and are very much dependent on ground conditions and topography. Our models have assumed that 25% of the excavated material is exported off site to landfill.

The most viable developments are at sites that require lower excavation and construction costs, where excavated material can be sold at a profit or where land can be acquired more cheaply.

An annual mooring charge of £120 per boat metre excl. VAT has been assumed for our models. While this is at the top end of current charges in the market, we believe this level is well underpinned by both demand and the potential for increased amenity. These rates do however vary depending on geographical location. Currently sites in the Midlands and North find it difficult to obtain rates much above £80 per boat per metre.

3.1 OVERVIEW OF MARINA ECONOMICS

Marinas are a capital-intensive business and require a large initial investment in site development, which is recouped via relatively stable revenue streams and predictable operating costs. The core revenue and profit stream from a marina is mooring charges to boaters.

Ancillary revenue streams, from activities such as boat sales, workshops and sale of fuel are also important. Ancillary activities tend to have lower gross profit margins than moorings, but make an important contribution to fixed costs. Our standard model assumes a relatively simple marina. However larger and well-located marinas can sustain a greater variety of complementary activities. They can become minor visitor attractions in their own right generating additional income from retail, catering and other visitor related revenues generated by non-boaters as well as boaters.

3.2 INVESTMENT MODEL

Amongst the choices to be made around a marina investment, size (number of berths) and scope of ancillary activities are the most important. These are driven by both market and site characteristics. The other key drivers of returns are land price and construction costs

This guide sets out illustrative financial projections for two principal marina models, with some accompanying sensitivity analysis:

- **Standard marina:** A 250 berth marina with boat sales and brokerage, fuel sales and a small shop
- **Marina plus:** A 350 berth marina with additional ancillary activities including restaurant and larger retail (predominantly clothing, gifts and minor convenience retail)

This guide focuses on the financial returns from stand-alone marina investments, on undeveloped sites. The specification and assumptions adopted in this guide are as follows:

Standard Marina

- start up costs to include land acquisition, obtaining planning permission (often requiring an Environmental Impact Assessment, site surveys etc)
- site area 7.5 hectares, of which waterspace area 2.7 hectares (94 berths per hectare)
- 250 berths for an average boat length of 15 metres
- impermeable ground conditions
- 25% excavated material exported off site to tip
- fixed pontoons with service bollards
- simple single building including services block
- simple surfacing for access road and car parks
- utilities, landscaping and security
- annual mooring rate of £120 per metre net of VAT
- five residential boats with 50% premium on mooring rate
- boat brokerage
- fuel sales and small shop
- services block

Marina Plus as standard marina except the following:

- site area 10.5 hectares, of which waterspace area 3.7 hectares
- permeable ground conditions (impermeable lining required)
- 350 berths for an average boat length of 15 metres
- larger shop
- leased restaurant

More attractive returns would be achievable under different circumstances – for example:

- excavated material has commercial value (eg minerals, clay)
- when there are opportunities to develop other complementary uses such as pubs, hotels, specialist retail and residential. In these circumstances profitability is underpinned by a customer base that is much wider than just the mooring berth holders and there is a contribution to construction costs from the premium added to residential values for being next to water
- where a marina is included in the plans for a new commercial development – either because the developer may perceive it to add value to the selling price of the properties (premiums of around 20% are quoted by property industry sources) or because site allocations within the statutory local development frameworks require the provision of a mooring basin as part of any future scheme

3.3 INVESTMENT COSTS

The start-up and capital costs of building a marina can be divided into those associated with the pre-build stage and build stage.

During the pre-build stage, there are costs involved with finding and buying a site, and securing the appropriate consents. Professional assistance with these tasks is recommended.

A 250 berth marina typically requires about 7.5 hectares of land and a 350 berth 10.5 hectares. About 35% of this area is the waterspace and the other 65% buildings, car parking, hard standing and landscaping. Our models reflect a cost of land ranging from £35K to £50K per hectare. However land prices are of course highly variable and heavily influenced by location, ground conditions and the nature of planning consent and can vary from below £10K per hectare for pure agricultural use to in excess of £750K per hectare for brownfield regeneration land. Given this uncertainty, sensitivity analyses are also set out in this chapter.

Once a site has been located and plans have been drafted, the proposed marina will require planning permission. The planning authority may require an Environmental Impact Assessment, dependent upon the scale of the development and sensitivity of the location. Additionally, British Waterways' consent for a connection between the proposed marina and the relevant waterway must be obtained. In total, start-up costs associated with these activities are likely to average in the region of £150K.

The basic construction of a typical new marina includes excavation and disposal of spoil, ensuring that the excavated area is watertight and has piled edges only where it is necessary (for example around the connection to the waterway and to allow boats to moor directly to the bank). The most favourable sites have good water retaining sub soils which avoid or minimise the need for expensive linings. The excavated material should be clean and ideally be capable of being sold for other uses. Every effort should be made to re-use non saleable excavated material on site for soft landscaping, again minimising disposal costs.

Pontoons represent another major cost and are generally fixed as water levels in canals do not vary materially. On rivers more expensive floating pontoons will be required. Table 4 shows the indicative development costs for the two models considered in this guide.

Table 4: Indicative development costs

Investment Costs (£'000)	Standard Marina	Marina Plus
Start up	150	150
Land acquisition (including costs and SDLT)	400	400
Earthworks	970	1,350
Lining (Plus only) and piling	130	460
Connection to waterway	30	30
Pontoons and bollards	500	700
Buildings (and boatyard Plus only)	130	510
Landscaping and security	160	220
Utilities	80	80
Total	**2,550**	**3,900**

3.4 REVENUES

Mooring prices are largely determined by the marina's location (with the southern half of the country being more expensive) and the level of amenity it provides. Typically moorings are charged per metre based on the length of the boat, usually on an annual basis. Our investment case assumes an annual mooring charge per metre per annum (excl. VAT) of £120. These charges are relatively high when compared to current rates.

This reflects two beliefs

- that new marina capacity will be built to a generally higher level of amenity and quality than existing, and
- that the industry is currently failing to capitalise fully on the pricing opportunity represented by future demand growth and existing long waiting lists

The financial sensitivity to mooring price assumptions is set out later in this chapter.

Other mooring types not factored into the model include commercial moorings for hire boat or timeshare companies which may commit to securing multiple moorings on an ongoing basis, visitor moorings for those wishing to pay on a per day basis for a temporary berth and moorings for business barges. There is potential to exploit the visitor mooring market by letting visiting boats use berths vacated temporarily when long term berth holders are away on extended cruises.

Revenues and investment returns are highly dependent on marina occupancy. As discussed in Chapter 2, almost all marinas are full and have long waiting lists. We have therefore assumed 95% ongoing berth occupancy (a practical maximum based on experience) with a build of 33% average occupancy in year one of operation and 66% in year two.

3.5 OPERATING COSTS

The principal operating costs at a marina are similar to most leisure businesses - staff, maintenance, marketing, rates and utilities, and cost of goods for the retail operations. In existing marinas, these costs vary over a fairly wide range on a per berth basis, reflecting the difference between basic operations with relatively low service levels but low and highly flexible staffing levels, to high amenity marinas where service levels are high and a range of amenities are provided.

Marinas also pay a charge for access to the waterway network.

Access to the network is authorised by a Network Access Agreement with British Waterways for which there is a charge based on the mooring capacity and pricing. Currently this charge is set at 9% of mooring revenue capacity, reviewed annually. For the standard marina model this would be around £38,000 per annum and for marina plus, around £54,000 per year.

Our standard marina model assumes a level of staffing of three FTEs. Gross margins in the retail operation have been assumed at 30%, with fuel sales at 20%. Commission revenues on boat sales have been assumed at 10%.

3.6 ILLUSTRATIVE P&L

Our illustrative P&L, based on the above assumptions, is shown in table 5 for year three of operation, at current prices.

Table 5: Illustrative Profit and Loss statement

(£'000)	Standard Marina	Marina Plus
Key Metrics		
Number of berths	250	350
Personnel, FTE	3	5
Total revenues (£'000)	**630**	**1,020**
Revenue - Moorings	430	600
Revenue - Ancillary	200	420
Total allocated costs (£'000)	**170**	**310**
Allocatable costs - Moorings	50	50
Allocatable costs - Retail	40	70
Allocatable costs - Fuel Sales & Boatyard	40	150
Allocatable costs - Boat Sales	40	40
Unallocatable costs (£'000)*	**160**	**210**
Total operating costs (£'000)	**330**	**520**
Depreciation	100	150
Total costs (£'000)	**430**	**670**
EBIT (£'000)	**200**	**350**

* includes £38,000 British Waterways' network access charge for standard marina and £54,000 for marina plus.

3.7 ILLUSTRATIVE RETURNS

Table 6 provides key ratios and financial summary data for the two principal marina investment models.

Table 6: Illustrative Returns

Financial Summary (£'000)	Standard Marina	Marina Plus
Number of Berths	250	350
Total Revenue (£'000)	630	1,020
EBITDA (£'000) Year 3	300	500
EBIT (£'000) Year 3	200	350
EBIT %	32%	34%
Total Investment (£'000)	2,550	3,900
Nominal pre-tax IRR (%)	15%	18%

It must be emphasised that these models are indicative only and are based on reasonable assumptions, which are set out above. Each site however will have its own characteristics ranging from ground conditions and construction methods through planning permission and the degree to which other profitable uses can be incorporated, to mooring rates and other revenue streams. As with all forms of development location is a key factor.

Tables 7 and 8 show the effects on the IRR of different mooring rates (Marina Plus) and land price (Standard Marina).

Table 7: Marina Plus: IRR sensitivity to mooring price

Mooring rate £/metre/annum net	Nominal pre tax IRR
100	12%
110	15%
120 (base case)	18%
130	21%

Table 8: Standard Marina: IRR sensitivity to land price

Land price £'000 per hectare	Nominal pre tax IRR
35	16%
50 (base case)	15%
75	13%
100	12%

4 Location Considerations

There are opportunities for marina development on most of British Waterways' canals and rivers. It is not possible to publish a list of suitable sites or areas since this would risk distorting land values and could be misleading. In this chapter we therefore concentrate on explaining the primary factors that determine whether or not a site is likely to be suitable for a marina development. Much more detail is available within our marina development website, www.britishwaterways.co.uk/marinadevelopment. As with any property development, obtaining planning permission is critical.

4.1 LOCAL DEMAND CONDITIONS

Most boaters live within 30 miles of their mooring, and boat ownership is concentrated amongst older, higher income earners. Mooring demand tends therefore to be most heavily concentrated on parts of the network within easy reach of prosperous towns and cities. Rural locations are preferred by leisure moorers. As noted in chapter 2, there is very strong and growing demand for residential moorings in urban and suburban areas.

Historically, inland boat ownership has been somewhat less 'fashionable' in the north compared with the south, but this is changing as recent waterway restoration and urban regeneration schemes result in more attractive canal environments.

Choice of cruising routes is also an important consideration with sites close to waterway junctions being more popular than sites near the terminus of a navigation. The pace of travel is slow at less than four miles per hour!

4.2 LOCAL SUPPLY CONDITIONS

Local supply conditions also vary, depending critically on:

- water supply conditions
- availability of suitable sites
- the local planning policy context, site allocation within the statutory local development framework, land designations such as Sites of Special Scientific Interest (SSSIs), green belt or presence of archaeological deposits (relatively frequent owing to the historic nature of canals), etc

Water Supply

Water supply is critical to the feasibility of building marinas. Filling a new marina with water is usually not problematic, since the basin needs to be filled only once. A new marina will however increase the frequency of lock use and consequently increase the demand for water from the canal's summit level.

British Waterways' consent is required for a marina to access the waterway network. With the help of sophisticated water resource, hydrological and boat traffic modelling, British Waterways assesses applications for new marinas on a case-by-case basis and success is dependent on the exact location and size of the proposed marina. However, applications are more likely to succeed in areas where water supply is relatively plentiful than in areas where water is in short supply. In areas of limited water supply, British Waterways may grant permission if technical and financial solutions can be agreed for the provision of additional water supplies.

Suitable Site Availability

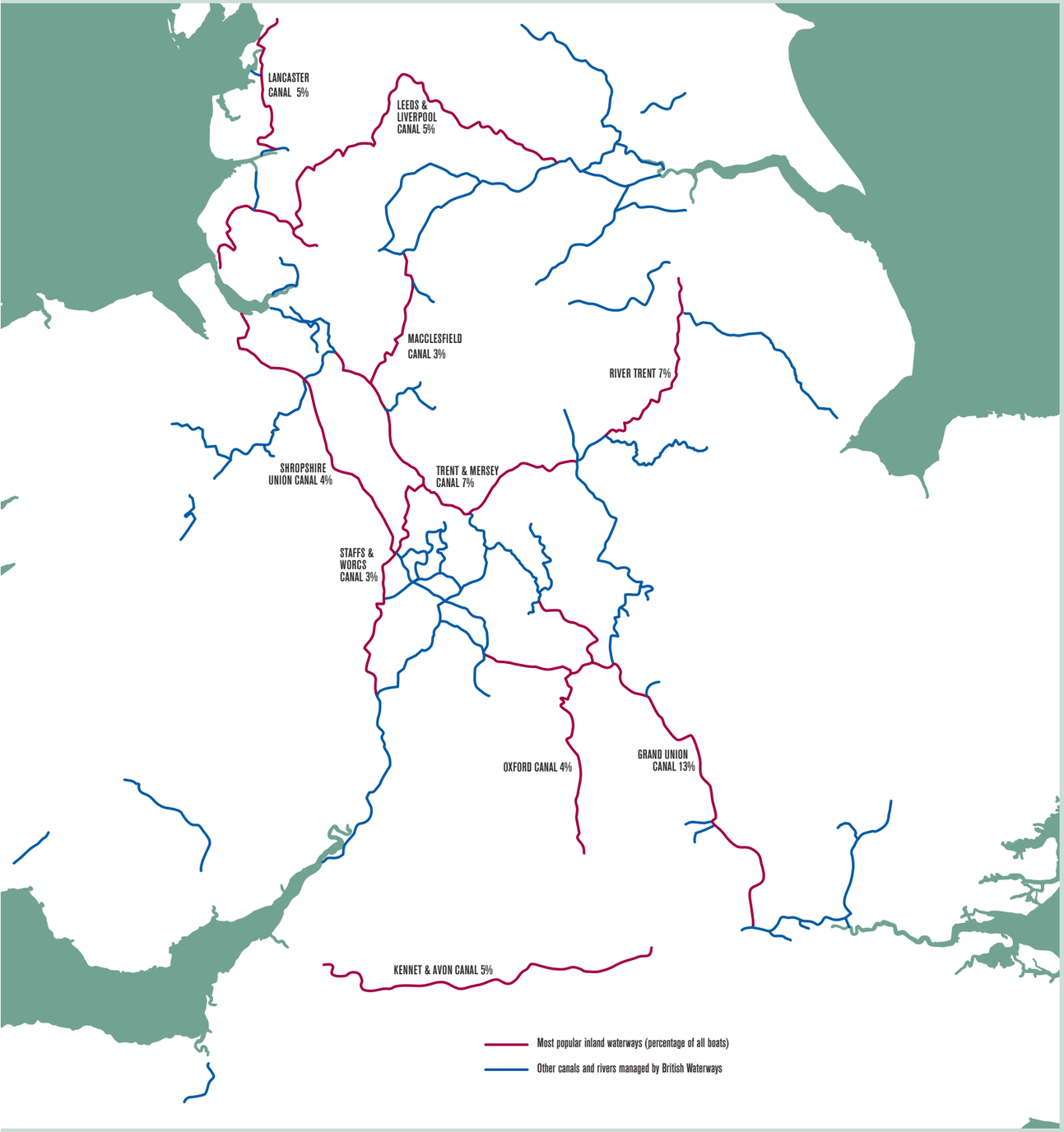
As with other property development, finding a good site is a key determinant of a successful scheme and the same principles and criteria will apply to a marina development. Attributes to look out for that are particularly relevant for a marina include:

- existing water space adjacent to the waterway, ideally at the same level
- disused or in-filled cuts, arms, docks or basins
- good impermeable ground conditions
- sites where the excavated material can be sold e.g. clay, minerals
- an attractive choice of cruising routes (sites at the end of a waterway offer only one choice of travel direction)
- attractive landscape surroundings
- land adjacent to the waterway within a regeneration area, where grant funding may be available

Local Planning Environment

As with any proposed land development, support from the local planning authority is critical. British Waterways works with local planning departments to promote understanding of waterways related issues and opportunities. British Waterways' local planning staff engage with all local planning authorities in England and Wales that have a British Waterways' owned or managed waterway within their administrative area. Their aim is to raise the profile of waterways, highlight policy issues including the national shortage of offline moorings and lobby for positive waterway related policies within Local Development Frameworks (LDFs).

British Waterways aims to limit further growth in online long term moorings, and to help achieve this, its local professional planners are promoting the development of mooring strategies in consultation with the Local Planning Authority (LPA). When completed, these will identify shortfalls of current and future moorings provision and will identify appropriate locations in planning, physical and operational terms for new or extended basins and marinas.


LANCASTER CANAL 5%
LEEDS & LIVERPOOL CANAL 5%
MACCLESFIELD CANAL 3%
RIVER TRENT 7%
SHROPSHIRE UNION CANAL 4%
TRENT & MERSEY CANAL 7%
STAFFS & WORCS CANAL 3%
OXFORD CANAL 4%
GRAND UNION CANAL 13%
KENNET & AVON CANAL 5%
Most popular inland waterways (percentage of all boats)
Other canals and rivers managed by British Waterways

TOP TEN BRITISH WATERWAYS' CANALS AND RIVERS

Source: British Waterways

As a statutory consultee in the planning process, British Waterways maintains a database of registered planning application consultations received from LPAs. These are published on British Waterways' website on a weekly basis as a service to the general public. On request, British Waterways will generate a list of registered planning application consultations received from LPAs for new marina developments and extensions that were accompanied by an Environmental Statement.

As a statutory consultee for planning applications, British Waterways is consulted by the LPA on third party planning applications within the consultation zone including development affecting:

- structural integrity of the waterway
- safety of users or neighbours
- water resourcing and management, land drainage and flood alleviation
- heritage, natural environment, landscape, character, public access to and recreation use of inland canal, river navigations, docks and reservoirs

British Waterways also responds to government consultation papers on national planning policy, environmental regulation etc, again with a view to ensuring that waterway related interests are properly represented. All formal responses to registered planning applications from statutory consultees are in the public domain.

REGIONAL OVERVIEWS

The regional pattern of demand for boat licences is particularly striking, with the ten most popular inland waterways accounting for some 56% of total British Waterways' boat licences in 2004/05 (see map opposite). It is these high-density stretches that are often least well-served by existing marina capacity and where the majority of boaters would prefer an offline marina.

See map on inside front cover for British Waterways' regional boundaries.

Yorkshire

This is geographically the largest of the British Waterways' regions. It has a diverse range of waterways including the River Tees, Ouse and Ure in the north, freight navigations to the south and east of Leeds, and eastern sections of British Waterways' three scenic trans-pennine waterways. This perhaps explains Yorkshire's strong boat building tradition and great diversity of craft types. Most of the waterways are 'broad beam' which means that their appeal extends beyond the narrowboat market.

Demand is strong, and marina and mooring occupancy rates are consistently high throughout the region. Regeneration of the Leeds / Bradford conurbation along with South Yorkshire is contributing to a relatively high growth rate in the number of boats licensed over the past five years. Development opportunities are thought to be most plentiful in the south eastern quadrant of the region.

East Midlands

This region has a mix of river navigations and narrow canals, again offering appeal to cruiser as well as narrowboat owners. Demand is strong and customers have come forward quickly to fill the additional marina berth provision that has come on stream over the past five years.

Lincoln's raised profile as a tourist destination is also expected to boost demand for moorings. Other development opportunities in the west of the region are around Leicester and Loughborough, and at either end of the short Erewash Canal just to the west of Nottingham.

In common with most other regions, demand for residential moorings outstrips supply.

North West

Most of the current demand in this region is concentrated on the largely rural Lancaster canal, and whilst there are opportunities for further development, sites are more limited than on the lesser used western section of the Leeds & Liverpool Canal. There are exciting regeneration plans for the north side of Liverpool, including an extension to the canal to link to Albert Dock. This will pave the way for mixed use development schemes featuring marinas.

Further east, as the Leeds & Liverpool Canal rises into the Pennines, demand is below its potential: this very attractive waterway has relatively few boats and a very limited supply of marinas. There are some supply constraints arising from the construction line of the waterway along hillsides, but the opportunities are worth exploring.

East Manchester is undergoing major regeneration with attractive opportunities for developers to integrate small mooring basins into mixed use schemes and take advantage of the mooring price premium available for good residential moorings.

Wales and Border Counties

This region contains its own network of very popular cruising rings which makes it an attractive area for people looking for a good choice of holiday routes. It includes the iconic structures of Pontcysyllte Aqueduct and the Anderton Boat Lift. Demand growth is strong with very few vacancies at existing sites. With the exception of the Llangollen Canal where it is necessary to curtail expansion to avoid congestion, there are promising opportunities on all of the region's waterways which are already attracting interest from developers. British Waterways has recently committed to investment in water supply augmentation to support expansion of moorings in Wales and Border Counties, and its neighbour, West Midlands.

West Midlands

This region has two contrasting groups of waterways: rural southern sections of the Shropshire Union and Trent & Mersey canals with the linking Staffs & Worcester, and in the south east of the region, the extensive network around Birmingham and Wolverhampton.

Along the rural waterways, demand is very high and most sites are operating at near full capacity. These are mostly along the line of the canal and there is need for improved provision of quality, offline sites.

Within the urban areas, leisure demand is weak, but there is a shortage of residential sites. Quality residential moorings developed in recent years are very quickly let. The main development constraint is land availability since competition for this is strong from housing developers. British Waterways has been successful in promoting construction of small mooring basins within canalside housing developments.

Central Shires

This hugely popular, largely rural region boasts many attractive cruising rings and route choices and these contribute to continued strong demand growth. There is a concentration of quality marinas to the east of Warwick and future growth in this part of the region may need to be limited to avoid lock queues and congestion. Expansion opportunities are most plentiful in the northern part of the region along the southern reaches of the Trent & Mersey Canal and the Coventry, Ashby and Brimingham & Fazeley canals.

South East

Comprising sparsely populated rural sections as well as congested urban locations, this region has the largest number of boats of all the British Waterways' regions. The highest density of existing moorings is found in the Braunston area – an historic 'cross roads' of the national network where the Oxford and Grand Union canals meet. Further south along the Grand Union and near to Oxford, excess demand for residential moorings causes operational difficulties for British Waterways as some boat owners are tempted to remain on visitor moorings, indicating the need for new offline moorings.

Development opportunities to the north of the region include the Leicester Summit pound of the Grand Union and lengths north and south of Rugby on the Oxford Canal. Development opportunities to the south include the southern end of the Oxford Canal and lengths of the Grand Union stretching from north of Milton Keynes to south of Leighton Buzzard.

South West

The region comprises three separate waterways of distinctly different character. The Kennet & Avon Canal linking Reading and Bath has the highest demand for moorings. It was the recipient of one of the Heritage Lottery Fund's (HLF) largest ever single grants for major refurbishment in the late 1990s and this has led to huge demand for both residential and leisure moorings. It is linked to the rest of the British Waterways' network via the River Thames and (for larger, coastal vessels) the Severn Estuary. This means that the majority of moored craft spend most of their time on the canal and local traffic is supplemented by large numbers of visitors. There is little, if any, scope for further traffic expansion on this waterway, but some potential for improving the quality of the moorings stock by transferring capacity from online sites into newly constructed offline marinas. Quality moorings are able to attract a significant price premium.

The River Severn and Gloucester & Sharpness Canal both still carry some commercial traffic and can accommodate much larger craft. There is healthy demand on both these waterways and prices remain buoyant. There are long term plans to restore the link between the Gloucester & Sharpness Canal and River Thames by restoring old canals through the Cotswolds. Fruition of this project would bring a major boost to the region's boating businesses.

The isolated 14 mile Bridgwater & Taunton Canal currently has limited demand for moorings. There are tentative plans for a barrage across the mouth of the River Parrett. This would transform the currently almost derelict Bridgwater Dock into an attractive haven for coastal craft, extend navigation onto the River Parrett and thereby expand the area's leisure boating potential.

London

London's waterways comprise 100 miles of canals and rivers plus 110 acres of Docklands in the Isle of Dogs. Whilst most of the waterways in the region are primarily urban in nature, the rivers Lee and Stort offer a suburban / rural environment within close reach of the Capital.

There is strong demand for quality moorings throughout the region, with particular emphasis on residential berths. New development sites across the Capital's waterways are enhancing the environment and acting as a catalyst for regeneration, offering opportunities to create new water-based destinations and a range of new mooring facilities. The recent success of the British Olympic bid brings exceptional opportunities to the Lower Lee Valley and Bow Back Rivers.

High land values can inhibit the creation of large mooring basins, but developers readily recognise the premium value of properties with water frontage. Therefore an increasing number of developments incorporate small mooring basins within their schemes.

The region benefits from excellent transport links and all the facilities expected in a major capital city. In addition, the canal network links directly to the River Thames in three locations, encouraging the expansion of cruising routes.

4.3 LOOKING AHEAD – EXPANDING THE NETWORK

The capacity of the current 2,000 mile network to accommodate boats and moorings is clearly finite, but British Waterways is actively promoting wider public and private investment in new and regenerated waterways. Over the last decade, the organisation has been involved in £2 billion worth of urban and rural regeneration around the waterway network. Old canal basins and waterfronts are being transformed into exciting, mixed-use new quarters in many towns and cities and more people are using the waterways than ever before. Increased visitors and new business activities have led to increased funding and a more secure and sustainable future for the waterways.

The biggest ever programme of waterway restorations was unveiled in March 2002 by British Waterways at the launch of its *Unlocked & Unlimited* programme to spread the benefits of waterway restoration to millions more people and communities across the country.

The first phase – to open some 220 miles of canals and structures – was completed in 2002. This included the coast to coast Millennium Link in Scotland, reconnecting Glasgow to Edinburgh by waterway, the Rochdale and Huddersfield Narrow canals which both cross the Pennines; the Millennium Ribble Link, the first new navigation to be built for 100 years and the Kennet & Avon Canal, connecting the Thames to the Avon across southern England.

This extraordinary turnaround in the fortunes of the waterways is largely due to a countrywide collaboration between a broad range of different public, private and voluntary bodies including local and national government, the lottery, the European Union, canal societies, development agencies and commercial companies.

Navigation is at the heart of all of these schemes: British Waterways recognises that it is boats that give inland waterways their special vitality, with the potential to support and promote successful leisure businesses. Because of this, British Waterways actively promotes the development of marinas as part of its restoration strategy, ensuring that in discussions with funders and stakeholders, suitable sites are identified at an early stage. There are therefore opportunities arising within the 18 restoration and new build projects currently in the pipeline.

Of particular note are the following projects for which plans and funding are well advanced and which will provide marina investment opportunities well before 2015:

Liverpool Canal Link: this will connect Liverpool's world famous docks with the Leeds & Liverpool Canal. Work on the new 1.4 mile waterway will start in 2006 and is due for completion at the end of 2007. The Link is expected to entice more than 4,500 boat visits to Liverpool's waterfront each year.

Droitwich Canals: these will restore a 21 mile canal loop linking the Worcester & Birmingham Canal in the east to the navigable River Severn in the west, providing extended opportunities for holiday and leisure boating in and around the West Midlands.

River Lea Navigation and Bow Back Rivers: the 2012 Olympic Games will transform the environment of this currently relatively neglected part of the waterway network that lies at the heart of the Olympic regeneration zone.

Cotswold Canals: the three stage restoration of the Stroudwater Navigation and Thames & Severn Canal across the Cotswolds will link the River Thames in the east with the Gloucester & Sharpness Canal in the west. Plans for the first phase of restoration are advanced and work may start on the Stroudwater Navigation in late summer 2006 and be complete by the end of 2008.

Manchester, Bolton & Bury Canal: the 15 mile long waterway is one of the last major waterways in Greater Manchester to require restoration. Work has started on the first and most important phase in Salford which will be navigable by the end of 2006.

5 Realising the Investment Proposition

Several participants are involved in bringing about a successful inland marina project, each with their own roles and strengths: marina and leisure operators, property developers, equity and debt providers, land owners and British Waterways. In this chapter we explain how all these participants can work together in getting a marina investment off the ground.

5.1 PRIVATE PARTIES AND THEIR ROLES

A successful marina development project generally involves a partnership between a property developer or landowner, an experienced marina or leisure sector operator and potentially a separate finance provider. Occasionally all these roles may be found in a single party. More often, the project needs a partnership. British Waterways has established a specialist New Marinas Unit whose role includes liaising with all interested parties. Where needed it can help to introduce potential investors, land owners and established operators seeking to expand.

Marina / Leisure Operators

As described in chapter 3, marinas can be attractive investments but only if the right scheme is selected ('Site, Size and Services') and if the marina is built and operated in a smart and cost effective manner. Existing and prospective marina / leisure operators are well positioned for bringing the required commercial skills and cost effective operational rigour to the table. They are the entrepreneurs of the inland waterways.

Property Developers

Marinas can be attractive to property developers, usually as part of a larger commercial development. Typically the developer would lease the marina to a marina / leisure operator. There is a clear synergy between the marina and the rest of the development where the commercial or housing development acts as enabling development to the marina and where the marina provides the sense of place for the development. By these means property developers can make smaller marinas possible, which in themselves would be difficult to make commercially viable.

Providers of Finance

Both marina operators and property developers can finance marinas themselves but will often look for a third party to provide financing, mostly in the form of debt but also sometimes as equity. For equity investors, marinas offer attractive opportunities, given the clear need and financial attractiveness (see chapter 3) and the opportunities for gearing their cash flow. Both debt and equity providers are seen by British Waterways as highly valued parties in marina development as they bring not only the necessary funding but also financial expertise to the marina market.

Canalside Landowners

Obviously, without land along the waterways, no marina can be built but landowners play a more pivotal role than just providers of land. Their local knowledge and access to local authority planners are of significant value, and they may be potential marina developers themselves. In some areas, a government grant of up to 40% of capital costs is available to farmers wishing to diversify into the marina business.

5.2 BRITISH WATERWAYS ROLE

As custodian of the waterways, British Waterways will secure financial and non-financial benefits from new marinas. These bring additional boats, improved facilities and add interest and vibrancy to the waterways. Financially, British Waterways benefits from the resulting additional boat licence income, and the network access fee payable for the marina. British Waterways re-invests all its earnings in the maintenance of and improvement to the waterways.

British Waterways supports marina developers by providing information and advice during planning and construction phases. It is also a statutory consultee in respect of applications to the local planning authority. Providing your plans meet our local requirements, we will support your application.

Beyond this, British Waterways is also prepared to consider investing capital in new marina developments jointly with commercial partners. British Waterways is accustomed to working in private / public partnerships. Although British Waterways has restricted access to new sources of capital, it is prepared to set aside a proportion of its available equity for facilitating the development of new marinas.

This leads to two main investment models with varying roles for British Waterways:

1. Private Party Builds and Operates

This is the traditional model for marina development. The leading private party finds and acquires a suitable location, obtains all the necessary permissions, constructs the marina and operates it, drawing on appropriate professional expertise and funding partners. In this scenario. British Waterways' assistance to marina development is in technical advice and providing optimal service to the private party. The framework for this support is published at www.britishwaterways.co.uk/marinadevelopment.

2. British Waterways Pre-builds and Sells on or Leases to Private Party

British Waterways is occasionally willing to invest directly in marina development, where this is useful and desired by private parties. In these circumstances, British Waterways would secure options for the required land and pursue planning consent. The result – a secured location with all necessary permits in place – can then be sold on or leased out to a third party.

From time to time, British Waterways may be willing to go even further, and excavate and flood the basin, install the pontoons and construct the required buildings. In other words, we will develop new marinas to a stage in which they are ready for operation for a pre-agreed operator. This operator can then buy or lease the completed marina from us. The criteria for British Waterways investment of this type would typically be:

- covenant strength of the operator tenant
- an agreed, costed specification for the development
- quality of the business plan
- agreed lease terms prior to commencement of development
- site location that is in line with the local waterway marina development strategy

Typically British Waterways seeks a real pre-tax IRR of 8-12% on such investment.

Many variations and combinations of these main investment models are possible. British Waterways is open to exploring and optimising these investment models in practice with private parties. The terms of any lease offered would be the same as those available by British Waterways to British Waterways' subsidiary marina company, BWML.

6 Next Steps: What to do if you are interested

Our aim in preparing this guide has been to both inform and enthuse you about the investment opportunity represented by marinas on the inland waterways. If we have been successful in this please now visit our website www.britishwaterways.co.uk/marinadevelopment.

This website includes a wealth of detailed information to steer investors through all stages of developing a successful marina scheme, from initial feasibility through design and construction to opening and operating. It explains British Waterways' application process whose purpose is to help developers with project planning and ensure that the scheme meets British Waterways' technical requirements. By following the process, risks of wasting time and money on planning an unsuitable scheme will be minimised.

British Waterways' New Marina Unit comprises project managers, engineers and property specialists whose role is to accelerate the development of new marinas. They do this initially by providing an expert point of contact within British Waterways for marina investors and developers. Once a scheme has received our outline approval, they will appoint a dedicated account manager to be responsible for the smooth progress of the scheme through the various stages of approval.

Now please review
www.britishwaterways.co.uk/marinadevelopment.
And then, if you have unanswered questions, contact:

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